

MIRA INFORM REPORT

Report No. :	534540
Report Date :	15.10.2018

IDENTIFICATION DETAILS

Name :	ROYALKING SANITARY WARE (H.K.) COMPANY LIMITED
Registered Office :	1-2/F, Building A01, Eastern Zone, CC1H, No. 68 West Jihua Road, Foshan City, Guangdong Province 528000 PR China
Country :	China
Date of Incorporation :	Not Available
Legal Form :	Not Available
Line of Business :	Subject is mainly engaged in selling sanitary ware
No. of Employees :	Not Available

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	C
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Credit Rating	Explanation	Rating Comments
C	Medium High Risk	Business dealings permissible preferably on secured basis

Status :	Not Registered in China
Payment Behaviour :	Unknown
Litigation :	--

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

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Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
China	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

CHINA - ECONOMIC OVERVIEW

Since the late 1970s, China has moved from a closed, centrally planned system to a more market-oriented one that plays a major global role. China has implemented reforms in a gradualist fashion, resulting in efficiency gains that have contributed to a more than tenfold increase in GDP since 1978. Reforms began with the phaseout of collectivized agriculture, and expanded to include the gradual liberalization of prices, fiscal decentralization, increased autonomy for state enterprises, growth of the private sector, development of stock markets and a modern banking system, and opening to foreign trade and investment. China continues to pursue an industrial policy, state support of key sectors, and a restrictive investment regime. From 2013 to 2017, China had one of the fastest growing economies in the world, averaging slightly more than 7% real growth per year. Measured on a purchasing power parity (PPP) basis that adjusts for price differences, China in 2017 stood as the largest economy in the world, surpassing the US in 2014 for the first time in modern history. China became the world's largest exporter in 2010, and the largest trading nation in 2013. Still, China's per capita income is below the world average.

In July 2005 moved to an exchange rate system that references a basket of currencies. From mid-2005 to late 2008, the renminbi (RMB) appreciated more than 20% against the US dollar, but the exchange rate remained virtually pegged to the dollar from the onset of the global financial crisis until June 2010, when Beijing announced it would resume a gradual appreciation. From 2013 until early 2015, the renminbi held steady against the dollar, but it depreciated 13% from mid-2015 until end-2016 amid strong capital outflows; in 2017 the RMB resumed appreciating against the dollar – roughly 7% from end-of-2016 to end-of-2017. In 2015, the People's Bank of China announced it would continue to carefully push for full convertibility of the renminbi, after the currency was accepted as part of the IMF's special drawing rights basket. However, since late 2015 the Chinese Government has strengthened capital controls and oversight of overseas investments to better manage the exchange rate and maintain financial stability.

The Chinese Government faces numerous economic challenges including: (a) reducing its high domestic savings rate and correspondingly low domestic household consumption; (b) managing its high corporate debt burden to maintain financial stability; (c) controlling off-balance sheet local government debt used to finance infrastructure stimulus; (d) facilitating higher-wage job opportunities for the aspiring middle class, including rural migrants and college graduates, while maintaining competitiveness; (e) dampening speculative investment in the real estate sector without sharply slowing the economy; (f) reducing industrial overcapacity; and (g) raising productivity growth rates through the more efficient allocation of capital and state-support for innovation. Economic development has progressed further in coastal provinces than in the interior, and by 2016 more than 169.3 million migrant workers and their dependents had relocated to urban areas to find work. One consequence of China's population control policy known as the "one-child policy" - which was relaxed in 2016 to permit all families to have two children - is that China is now one of the most rapidly aging countries in the world. Deterioration in the environment - notably air pollution, soil erosion, and the steady fall of the water table, especially in the North - is another long-term problem. China continues to lose arable land because of erosion and urbanization. The Chinese Government is seeking to add energy production capacity from sources other than coal and oil, focusing on natural gas, nuclear, and clean energy development. In 2016, China ratified the Paris Agreement, a multilateral agreement to combat climate change, and committed to peak its carbon dioxide emissions between 2025 and 2030.

The government's 13th Five-Year Plan, unveiled in March 2016, emphasizes the need to increase innovation and boost domestic consumption to make the economy less dependent on government investment, exports, and heavy industry. However, China has made more progress on subsidizing innovation than rebalancing the economy. Beijing has committed to giving the market a more decisive role in allocating resources, but the Chinese Government's policies continue to favor state-owned enterprises and emphasize stability. Chinese leaders in 2010 pledged to double China's GDP by 2020, and the 13th Five Year Plan includes annual economic growth targets of at least 6.5% through 2020 to achieve that goal. In recent years, China has renewed its support

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for state-owned enterprises in sectors considered important to "economic security," explicitly looking to foster globally competitive industries. Chinese leaders also have undermined some market-oriented reforms by reaffirming the "dominant" role of the state in the economy, a stance that threatens to discourage private initiative and make the economy less efficient over time. The slight acceleration in economic growth in 2017—the first such uptick since 2010—gives Beijing more latitude to pursue its economic reforms, focusing on financial sector deleveraging and its Supply-Side Structural Reform agenda, first announced in late 2015.

Source : CIA

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COMPANY NAME AND ADDRESS

COMPANY NAME Royalking Sanitary Ware (H.K.) Company Limited
EL. NO. 86 (0) 757-82568362
FAX NO. 86 (0) 757-82568390

NARRATIVE REPORT

This refers to a type of report whose format is different from that of a standard report. Such type of report is provided when:

- Information obtained is insufficient for compiling a standard report.
- The enquired co has been out of business or its business address has been untraceable.

It should be noted that the time and manpower spent on preparing such type of report might be greater than those on a standard report. On many occasions, the information in this type of report still indicates the current status of the enquired co. and serves as a useful reference to assess its credit standing.

Adopted abbreviations (as follows)

SC - Subject Company (the company inquired by you)

N/A – Not available

CNY – China Yuan Ren Min Bi

CHECK ON SC'S REGISTERED TELEPHONE LINE

✧ **The given contact ways of SC are as below,**

Tel: 86 (0) 757-82568362

Fax: 86 (0) 757-82568390

When we dialed the above given number, a lady answered the phone. She admitted the given English name, and told us SC is registered in Hong Kong, but mainly operates in Foshan, Guangdong Province, PRC China.

✧ **The lady introduced the below information,**

- A. SC is mainly engaged in selling sanitary ware.
- B. SC sources its products 100% from domestic market. SC sells 100% of its products to overseas market, mainly U.S.A., India, etc.
- C. E-mail: sam@sswwroyalking.com.cn

D. Major Customers,

Aquapeutics Llc

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Blu Bathworks Inc.
Procon Solutions Inc.

E. SC's related company,
Foshan Royalking Sanitary Ware Co., Ltd.

SPOT VISIT

1-2/F, Building A01, Eastern Zone, CC1H, No. 68 West Jihua Road, Foshan City, Guangdong Province
528000 PR China

According to the lady, SC locates in the above given address at present.

REGISTRATION

During our check with Hong Kong Registry, we found the following registration information about SC,

Company Name: Royalking Sanitary Ware (H.K.) Company Limited

Company File No.: 1264038

Date of Registration: August 12, 2008

Legal Form: Private

Status: Live

RELATED COMPANY

Foshan Royalking Sanitary Ware Co., Ltd.

Unified Social Credit Code: 914406047238020317

Date of Registration: March 9, 2000

Legal Form: Limited Liabilities Company

Registered Capital: CNY 3,000,000

Legal Representative: Huo Chengji

Shareholder (s) (% of Shareholding)

Huo Chengji 90%

Lun Liyan 10%

CONCLUSIONS

SC is considered small-sized in its line with 10 years history. Credit dealings with SC should be confined into C.O.D. to small amount at present.

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FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.30
UK Pound	1	INR 97.65
Euro	1	INR 85.30
CNY	1	INR 10.69

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)